



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES  
DIRECTOR

November 9, 2009

TO: Rebecca A. Humphries, Director

Information: Natural Resources Commission

Transaction: Nonmetallic Mineral (Potash) Sealed Bid Lease Auction – 88,500 acres were offered on August 28, 2009

Authority: Part 5, Department of Natural Resources, Section 502, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA).

Applicant: U4 Exploration LLC, of Vancouver, British Columbia, Canada

Acres Bid: Of the 88,500 acres offered, 31,361.7 acres were successfully bid upon in Gladwin, Isabella, Midland, and Osceola Counties.

Lease Terms: Ten-year term and as to those portions of the leased premises included within a mining operation area, so long thereafter as there is either production of nonmetallic minerals and/or nonmetallic mineral products in paying quantities by Lessee from lands within such mining operation area, 5 percent royalty rate, \$3.00 per acre annual rental for the first five (5) years, and a minimum royalty of \$10.00 per acre for the sixth (6) year of the lease and for each year thereafter the payment shall increase an additional \$5.00 per acre through the tenth (10) year.

Bonus amount of \$348,007.00 and first year rental amount of \$94,083.00 have been collected. Total revenue generated was \$442,090.00.

Special Restrictions: Certain parcels proposed to be offered for lease may contain restrictions limiting surface activities where environmental concerns exist. All development activities proposed on state-owned surface will require separate surface use agreements.

Notice: This item appeared on the November 23, 2009 Business Calendar and is eligible for approval on December 3, 2009.

NATURAL RESOURCES COMMISSION

Keith J. Charters, Chair • Mary Brown • Hurley J. Coleman, Jr. • John Madigan • Timothy L. Nichols • J. R. Richardson • Frank Wheatlake

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Recommendation: That nonmetallic mineral leases be issued to the successful bidder pursuant to the above terms and conditions.

Lynne M. Boyd, Chief  
Forest, Mineral and Fire Management

Russ Mason, Ph.D., Chief  
Wildlife

Kelley D. Smith, Ph.D., Chief  
Fisheries

Armind S. Koch  
Resource Management Deputy

I approve the staff recommendation.

Rebecca A. Humphries  
Director

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Approval Date